

Abstract of the Disclosure

There is described herein a system for creating markets for risks associated with an externality. The market may provide for transfer of tradable securities whose value is contingent upon the occurrence of an externality, and that are coupled with an activity permit. Activity permits may be purchased by market participants, and are coupled with a prescribed activity that the holder may undertake. The contingent value and the maturity of the security may be based upon an estimate, at the time of issue, of the likelihood of, cost of, and/or time to an externality. After the issue of a security, the activity permit and the contingent value may be traded independently. Optionally, the activity permit and the contingent value may be restricted to a single holder.